



State of Utah  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING

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March 25, 2003

CERTIFIED RETURN RECEIPT  
7099 3400 0016 8896 2536

Chris Gypton  
Hecla Mining Company  
Box C-8000  
6500 Mineral Drive, Suite 200  
Coeur D'Alene Idaho 83815-9408

Dear Mr. Gypton:

Re: Withdrawal of Conditional Approval of Alternative Post Mining Land Use, Hecla Mining Company, Escalante Silver Mine, M/021/004, Iron County, Utah.

On January 31, 1997, Hecla submitted a request to change the post mining land use for a portion of the Escalante Silver Mine. Certain structures would remain to accommodate the proposed use. Hecla later asked DOGM to temporarily suspend the review until ongoing negotiations with the new property owner were completed. In a February 13, 1998 letter, Hecla asked the Division to proceed with processing of the land use change proposal. The Division granted its conditional approval on April 17, 1998. Conditions to the approval included the following:

1. All permits and/or clearances need to be obtained from other agencies/authorities having jurisdiction over the post-mining industrial land use.
2. The property dispute concerning the issue of clear fee title must be resolved between BLM, SITLA and Hecla.
3. Provide an updated surface facilities map outlining disturbed area to remain under Hecla's control and those being transferred. Acreage figures, disturbed area boundaries, property ownership & section corners must be clearly identified on map.

Since April 1999, there has been a considerable amount of correspondence, phone calls and meetings to resolve these issues. The Division has not yet received documentation that the property dispute has been resolved. In fact, the latest communication we have had with the BLM indicates it may be several more months before the issue is concluded.

On March 18, 2002, the Division sent you a letter stating that if these issues were not resolved within a 60-day time frame, the Division would deny the alternate post mining land use. The Division was optimistic that the remaining issues would be resolved within that timeframe and we could issue final

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approval. It appears we are no closer to a resolution of the remaining issues now than we were a year ago. Therefore, the Division ***is withdrawing its conditional approval*** of the alternative post mining land.

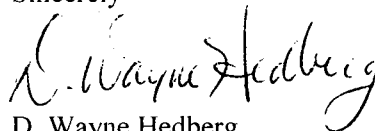
Without a formal approval of this land use change proposal, all of Hecla's reclamation responsibilities under their original approved permit would apply. The following options could assist Hecla in seeking an alternative solution to the current condition:

1. Formally transfer that portion of the mining and reclamation permit to the new property owner (Dixie Cable). This would require the new owner to accept reclamation liability for the pertinent mining-related features and disturbance and to provide a replacement reclamation surety. This condition would apply until such time as a new post mining land use proposal is filed and approved by the Division.
2. Complete the required reclamation work in accordance with the approved permit.
3. Resubmit the alternative post mining land use proposal, once the land title dispute issues have been resolved.

***If you wish to appeal this decision to withdraw conditional approval, please contact Vickie Southwick at (801) 538- 5304 within 10 days of your receipt of this letter.*** She will schedule an informal conference with Mary Ann Wright, Associate Director of Mining, to discuss your appeal of our decision on this matter. An informal conference on this matter does not waive your right to file a formal appeal and/or a Request for Agency Action seeking an informal hearing before the Division Director, or a formal public hearing before the Board of Oil, Gas and Mining.

We appreciate your patience as we have tried to complete the processing of this post mining land use change. If you have questions or concerns regarding this action, please contact me at (801) 538-5286, or Lynn Kunzler at 538-5310. ***If you do not appeal this decision to withdraw conditional approval within the 10-day time frame, the Division will return your application for the land use change.***

Sincerely



D. Wayne Hedberg  
Permit Supervisor  
Minerals Regulatory Program

jb

cc: Carl Hartman, Dixie Cable Services  
Clifford Dunn, Esq.  
Joe Incardini, BLM State Office  
Will Stokes, SITLA  
Ed Ginouves, BLM, Cedar City  
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